Agricultural Credits-1932.

NEGROES DUPED IN FARM LOANS IT IS CHARGED

Chicago Tribune 1-8-32
St. Louis Mo.

The Department Of Justice Agents Investigate Alleged Diversion Of Checks Sent By Goverrment To Aid Needy.

WASHINGTON, Jan. 4— Charges of fraud in the allocation of Government loans to colored and white farmers in Alabama has led to an investigation by the Department of Justice agents. Evidence is expected to be presented to a special grand jury.

Much Money Involved

Many thousands of dollars in loans to Negroes are said to be involved and the Department of Justice, through its division of public lands, has instituted a number of civil actions said to be based on loans, not only in Alabama, but Georgia and Arkansas. Investigation of the alleged fraud, however, has not extended beyond Georgia.

In one county, it is declared, more than 500 seed loans are involved and evidence has been obtained pointing to forged signatures in connection with the payment of Government checks. The name of a relative of a public official has been brought into the Government investigation. Action is being sought to both protect the government lien on crops on which loans were made and to protect the borrower against garnishments.

In the last session Congress appropriated $65,000,000 for drought relief including loans for feed, seed and fertilizer. About $47,000,000 actually was loaned, but early this Fall, Secretary Hyde authorized the use of the remaining money for similar loans in the drouth-stricken areas of Montana and North Dakota and other Western States.

Many Never Saw Checks

It is reported that in Alabama false affidavits have been used, forgery resorted to, prior liens concealed and loans made to irresponsible persons and to minors, and that collusion existed between the representative of a county and the local committee passing on the eligibility of borrowers. Landowners are said to have received benefits of loans to farmers, and it is understood that bankers, merchants, landlords and cotton buyers are among those under investigation.

It is alleged that tenants, in some cases, did not have the use of any of the loans and that government funds, in some instances, were loaned on fictitious names and indorsements to government checks forged.

Some of the borrowers, it is said, did not know that loans had been requested in their names, and never saw the government check. Agricultural department representatives began the investigation last September, but later turned it over to the Department of Justice.

U. S. SEED LOANS FOUND GOING TO RING OF CHEATS

Chicago Tribune
1/4/32

Scandal Is Uncovered in Alabama.

[Chicago Tribune Press Service.]

Washington, D. C., Jan. 3.—[Special.]—An investigation by department of justice operatives into charges of fraud in government loans to farmers in Alabama has uncovered what is described in governmental circles as an organized plan to cheat the federal treasury of many thousands of dollars.

Evidence gathered over a period of weeks is to be submitted to a federal grand jury at Dothan, Ala., on Jan. 25, according to reports here. This evidence is said to indicate that more than 500 of the 614 government seed loans investigated in one county in Alabama were tainted with fraud and misrepresentation. It is also reported that in many cases payment of government checks was made on forged signatures.

The name of a relative of a prominent member of congress has been brought into the government investigation, it is declared, and there are reports in Washington that pressure is being brought in an effort to have the invesigations dropped.

U. S. Starts Suing.

At the same time it became known that the department of justice has instituted a number of civil actions both to protect the government's lien on crops on which loans were made, and to protect the borrower from garnishment. Such civil cases are said to have been instituted in connection with loans in Alabama, Georgia, and Arkansas, while similar actions are expected to be filed in other states.

The investigation of fraud has not extended beyond one part of Alabama, according to reports, although there are said to be indications that frauds occurred in other states.

The last session of congress appropriated 65 millions for drought relief work. The money was for loans for feed, seed and fertilizer and in some cases for agricultural rehabilitation. Only about 47 millions was actually loaned.

The alleged frauds in Alabama cover many phases, it is said. Forgery is said to have been resorted to, false affidavits used, prior liens concealed and loans made to irresponsible persons and to minors.

Bankers Under Scrutiny.

It is also alleged that collusion existed between the representative of a county and the local committee passing on the eligibility of borrowers. It is understood that bankers, merchants, landlords and cotton buyers are among those under investigation.

In many cases the investigation is said to show that the purpose was to divert government loans to creditors of the tenant and to defeat the purposes of the seed loan act which required that prior liens be subordinated to those created by the government seed loan. It is charged that tenants in many cases did not have the use of any of their loans, and is further alleged that government funds in some instances, were loaned on fictitious names and indorsements to government checks forged.

HAIL, HAIL, IT'S ALL HERE.

Chicago Tribune
1/6/32

Government investigators working in Alabama have discovered that the drought relief has been badly tainted with fraud. It is suspected, or known, that this will be found true of the whole relief area. In one Alabama county 500 of 614 seed loans had fraud in them. The regions in which distress was to be relieved went after the government coin with all the crooked practices which could be devised by sharpers excited by the sight of easy money.

At the passionate demand of southern congressmen the sum of 65 million dollars was appropriated to carry the victims of drought and flood over until they could make another harvest. This was to save their stock and provide them with seed and fertilizer. The congressmen who demanded the government aid were indignant that the sum was not larger, but 47 millions seems to have satisfied the conditions, which is strange in the light of the disclosures. The loan made each individual was to be a first lien on his crops.

In robbing the government the sharpers used forgery, false affidavits, and the concealment of other liens. Loans were made to minors and to irresponsible persons. Government agents and local committees were in collusion to establish the eligibility of unworthy borrowers. Fictitious names were used in making loans and signatures were forged on government checks. In some cases creditors or landowners took the money and the debtors and tenants had no assistance with their crops.

In other words, nature took her course. Uncle Sam stepped out with his pocket full of money to do good and the thieves fell on him. They have been in wait for him whenever he could be induced to put on white whiskers, go to the bank, and come out with a benevolent look in his eyes. All these adventures in communistic humanity have been regarded by competent and unscrupulous persons as private snaps to be cleaned up as soon as hands could be laid on them, and in their inception they no doubt were intended to be. Jobbery was the purpose in the beginning.

Treasury steals, legalized or without the benefit of law, are breaking down the financial structure of the federal government and destroying not only its revenue but the sources of revenue. The operations range from the legalized larceny of Boulder dam and similar operations, in which states do the burglary, to the pilfering of seed money. As a communist, Uncle Sam is, indeed, a soft egg. He is the victim of all the eager fingers in the country. They go through his clothes every time he exposes himself, and he is apparently without protection against the beguilements of persons who know precisely what they intended to do the moment they can open another door into the treasury.

If citizens are interested to know how long the public revenue can withstand such dissipations of public funds the answer is that the time already has gone. The treasury raids have done their work. There isn't any more money. If the federal government does not stop the raiders it will not have a shirt to its back. Neither will its taxpayers.

LOANS IN GEORGIA ARE BEING REPAID

Tuscaloosa Ala
1-20-32

WASHINGTON, Jan. 19 (AP)—Collections on federal feed and seed loans in Georgia during 1931 amounted on Dec. 31 to 42.4 per cent, well above the average of the states, it was shown in figures released today.

Georgia loans during the year totaled $2,520,714.24. Of that amount $521,622.46 was repaid in cash. Warehouse receipts on agricultural products amounting to $658,852.40 were applied on repayments.

Repayments from other states were listed as follows: Florida, 11.3 per cent; Illinois, 33.5; Indiana, 27; Kansas, 21.7; Missouri, 41.3; Pennsylvania, 3.2; South Carolina, 46.3; Tennessee, 37.9 and Texas 52.7.

FEDERAL LOAN FOR NEGROES BEING SOUGHT

Washington, D. C.—(ANP)—The creation of the Federal Home Loan Bank Board, and the throwing of the wheels of the Home Loan Banks, under federal auspices, will prove a tremendous boon to many thousands of Negro home and property owners throughout the United States, mainly because its underlying objective is to help the smaller man, in his dire needs and desires to liquidate his resources into cash, through the aid of the federal government, as has been seen from the plans of the organization as they are being developed by Chairman Franklin W. Fort, who is head of the Federal Home Loan Bank Board.

The injection of the provision which allows no loans on valuations in excess of twenty thousand dollars is the final stimulus which will bring the advantages of this new board within the reach of the Negro people, since the main body of the race has just about an average of that sum to realize upon, while the mass of Negroes in the country represent the nation's smaller group, as indicated in the definition of the Home Loan Bank Act, which was passed by congress, and signed by President Hoover on July 22, last.

The creation of the Reconstruction Finance Corporation did not materially aid the smaller bracket, since its workings were aimed mainly at stemming the tide of bank crashes which naturally directly affected the banking group, but the Federal Home Loan Bank Board, is the department which will function in direct accord with the smaller group, and will bring within its reach the sums of money needed to rebuild, retrench, or otherwise bring it to a normal level. It is the prime purpose of this board to work out methods which will alleviate the present economic strain by making it posible for the smaller man to secure loans on his property, where secured by sufficiently safe mortgages, and the operation of the plan as explained by Chairman Fort, will make this easily possible to all, and it is under this condition that thousands of Negroes will be affected by the functioning of the Home Loan Bank.

Regional Agricultural Credit Corporation

Ned Holman, manager of the Oklahoma City branch of the Regional Agricultural Credit Corporation, recently received a telegram from Washington authorizing the branch to begin loaning money.

Holmtn announced that all personnel for the operation of the branch has been selected with offices at 324 Liberty National Bank Building in Oklahoma City. Holman will continue his duties as president of the Liberty National Bank, directing the operations of the corporation from his present office in the Liberty National Bank.

"This corporation is authorized by congressional act to loan money directly to farmers and cattlemen, the proceeds of such loans to be used for agricultural purposes (including crop production) and for the breeding , raising, fattening and marketing of livestock."

Contrary to a rather widespread belief, it is not necessary to form local associations or groups among farmers and cattlemen nor to give their note to any intermediate agency in order to borrow money from the Regional Agricultural Credit Corporation, the procedure being merely for any individual, partnership or corporation dealing in agricultural pursuits or the cattle industry to write the corporation at the above address thtt a loan is desired, were upon the necessary blanks for making applications wil l be forwarded and which are quite self-explanatory.

This RACC district is composed of the states of Oklahoma, Kansas Colorado and New Mexico, the head office of the corporation being in Wichita, Kansas, with a branch in Oklahoma City and Denver, Colo. Under regulations issued in Washington the Oklthoma City branch may receive applications and make loans in any part of the district but cannot make a loan without the boundary of the district without the consent of the corporation in that disrict. Applications received at the Oklahoma City office, 324 Liberty Nttional Bank Building, are passed on promptly without submitting to any other point, and if approved by the loan committee proceeds thereon will be paid out by check drawn by the manager on the U. S. treasurer.

How To Secure Federal Loans

The Black Dispatch has received numerous letters from subscribers and citizens during the past month requesting information regarding the federal loans now being made. In order to follow our usual policy to serve we have gone to a bit of trouble to secure information as to this governmental loaning setup.

First of all it is important to know that in the making of these loans, the government has divided its credit corporations into three distinct units, viz.: Federal Loan Banks, Federal Home Loan Banks, and Regional Agricultural Credit Corporations.

Citizens residing in this southwest territory, who live on farms and who desire to refinance their loans on farms, should write immediately for application blanks to the Federal Land Bank, Wichita, Kansas. It will not be necessary to see your local banker in order to contact the Federal Land Bank. The Black Dispatch makes this statement because in some rural communities representations might be made by unscrupulous persons, which would cause the rural borrower to assume that he should pay the local banker a fee to secure such loans. There need be no street address used in addressing your letter. Simply write to the "Federal Land Bank, Wichita, Kansas."

The government, in attempting to care for city dwellers in urban centers, has established the Federal Home Loan Bank. This corporation will make loans on city property. The central office in this territory is located at Topeka, Kansas, and a local office will be maintained in Oklahoma City in the offices of the Oklahoma City Building and Loan Association, 125 North Harvey street, Oklahoma City. Application blanks for loans can be secured by city property owners who live in any section of the state. Loans, of course, will be subject to the meeting of the requirements indicated in the application blanks.

The Regional Agricultural Credit Corporation has for its primary object the making of loans on livestock and crops. An Oklahoma City branch of this corporation has been established in Oklahoma City, 324 Liberty National Bank Building. The corporation to date has authority only to make credit allowances on livestock. Two blanks are being used which will be of interest to livestock growers, viz.: "Application for Loan on Feeder Livestock" and "Application for Loan on Range Livestock."

According to the bureau officials, no crop reduction loans will be made before the first of the year. The regulations covering this phase of activity have not yet been received. Farmers, however, who contemplate making such loans after the first of the year, should begin to assemble data regarding their credit standing in the communities where they live, in order to be prepared to properly file these applications when they are ready for issuance. Loans made by the Agricultural Credit Corporation will be made for one year at 7 per cent interest.

Negroes over the state who need this character of loan, should write immediately for application blanks. Bureau officials at Oklahoma City state that the government is anxious to assist every citizen who can qualify under the regulations and requirements demanded. Do not worry about street addresses. If you address your letter in legible handwriting to any of the cities named, there is no reason why that in a few days application blanks should not be in your hand.

While we have indicated above that the government intends to make these loans without your having to pay excessive charges in commissions, fees and etc. to local parties, at the same time the Black Dispatch wishes to issue this character of warning: Have your application blanks inspected by some person in whom you have trust, and who has special training in handling such matters. Unless you make the proper declarations in these application blanks you will be turned down.

We do not mean by this that you should employ someone to make false or doctored statements, but we do mean that you should understand definitely the language employed in the government application blank, and answer same in such a way as to reflect the truth and the facts. If you make a mistake and the same is later called to your attention, it will be hard and in addition will arouse suspicion to attempt to alter and change an unwitting mistake. Having someone who is conversant with credit terms to handle this matter for you, will perhaps in many instances be the only method by which many needy, worthy Negro farmers can secure these extensions of federal credit

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RACE FARMERS ORGANIZE FOR IMPROVEMENT

Dr. Crossland Addresses Group Seeking To Realize Most Possible From Efforts.

MOUND CITY, Ill., Oct. 20 — (ANP) Three hundred and fifty colored farmers of southern Illinois held a rousing organization meeting, called by William M. Ashby, Executive Secretary of the Springfield Urban League, sought to devise means of improving the conditions of the 896 farmers of the state.

Dr. Crossland Speaks

Dr. J. R. A. Crossland, of St. Louis, a representative of the U. S. Crop Production Loan Office addressed the conference. He informed those present that his office was established in the department of Agriculture, chiefly to assist needy farmers of the race and that application for loans on farm property would receive attentive consideration. This assurance was further given by Houston S. Schweich, field agent, Farmers Seed Loan office of U. S. department of Agriculture.

James P. Davis of Chicago, President of the National Federation of Colored Farmers, Inc., discussed cooperative marketing. Leon R. Harris, of Moline, told the meeting that organization of colored farmers was a necessity if they hoped to get the most for their crops, and the benefits which county and state agricultural departments offer to the farmers of the other group.

Jenkins Is Elected

An appeal for the organization of Four H. Clubs and the exhibition of their products at state and county fairs was made by Wm. M. Ashby.

An organization known as the Pulaski-Alexander County unit of the National Federation of Colored Farmers was formed. Sixty-one farmers applied for membership. J. L. Jenkins and F. Merriweather, both of Olmstead, Illinois, were elected president and secretary respectively.

C. P. Williams of Cairo presided. Addresses were made also by Judge C. S. Miller and Proffessor C. F. McGee, both of Monud City.

FARM AID GROUP PERFECTS PLAN

CHICAGO, Oct. 1 — (INS) — President Hoover's drive against foreclosures of farm mortgages was under way here today with the resources of the Reconstruction Finance Corporation squarely behind five groups of agricultural and fiduciary agencies.

Following a two-day conference, a program was agreed upon by representatives of the Reconstruction Finance Corporation, the Department of Agriculture, the Federal Farm Loan Banks, the joint stock land banks, the insurance companies and 12 banking and industrial committees.

The policy of the united groups will be to help the farmer keep his farm.

The sessions were held in the Federal Reserve Bank here and were presided over by Henry M. Robinson, of Los Angeles, chairman of the banking and industrial committee.

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Safe Banking And Sound Farming Go Hand In Hand, Declares Banker

JOHN M. GRAHAM
President, The National City Bank of Rome, Rome, Ga.
In Manufacturers Record

The plan under which our bank finances farmers has been in successful operation for several years. It has proved of benefit to the entire State. The farming principle which we advocate is not new. Henry W. Grady eloquently proclaimed it 45 years ago in his memorable address "King Cotton." What appears to have been new in our plan was the tying up of bank credit extended to farmers who practiced Grady's agricultural principles outlined herewith and for decades, preached by agricultural agencies.

The inception of our plan goes back to the Spring of 1921 when conditions made but little credit available for the farmer. We observed that the farmer who could continue operations was the one who had his crib filled with corn, his loft with hay, and had meat in his smokehouse. This gave us the idea that led to a survey of farmers' accounts carried with our bank. This survey showed that our worth-while farmer customers were those who, year in and year out, grew the feed and food crops needed for consumption on their farms. We decided that in future we would not be interested in financing any farmer whose program was not of that kind. A loan might be well secured when made in the Spring of the year, but we do not want to make it if in our judgment the proceeds are to be used in a way that will cause us to realize on the collateral pledged. We are convinced that sooner or later a farmer "goes broke" whose program calls for all cotton, or all any other crop—to the exclusion of those crops needed for consumption on his own farm.

And so before the crops were pitched in the Spring of 1921, we gave notice by means of a half page advertisement in our local paper, headed "A Plain Statement." That statement outlined terms on which we would lend money to farmers and included this paragraph:

"We expect to extend credit to those farmers who are careful to grow ample food and feed crops to meet the needs of their farms."

Each year since 1921 we have repeated the publication of our "A Plain Statement."

We expected and experienced, some resentment from farmers, until we made it clear to them that we were not in any way attempting to tell them how to farm; that we had no comment to make upon their farming methods whatever—that is, unless they wanted to use our money. In that event we had the same right to approve or disapprove their farming methods that we had to approve or disapprove the business management of a merchant or manufacturer borrower. We made it clear to the farmer that it was our business to lend money, but it was also our business to lend it to a good risk, and that a farmer who couldn't cut down his overhead by supplying his own needs where possible, getting his farm on a business-like basis, was not a good risk.

In doing this it was not our idea to restrict credit to farmers, but properly to direct credit to them. It was, and is, our purpose to convert our borrowing farmer customers into depositing farmer customers. We have endeavored in many ways to show our sincere interest in the farmers' welfare, and we have succeeded in convincing them that our interests are mutual and that in our dealings with them we will be more than fair in our efforts to place them on a sustaining and profitable farming basis.

Approval of our plan by many other institutions, agencies and the press, as well as our own experience, makes us believe such plan is sound and practical.

The Georgia Bankers Association, at the time I became its president in 1929, actively promoted the movement among bankers of the State. The Agricultural committee of the association divided the State geographically to coincide with divisions previously adopted by the State College. There was a banker chairman for each 10 counties in the State, who were activey at work convincing bankers that properly directed farm credit was the solution from the agricultural standpoint. All of this work was done in cooperation with the Georgia State College of Agriculture. I believe the success of the movement may be largely attributed to the publicity given to it by the press.

As evidence of the results achieved, been tried and not found wanting. I do not mean to say that farmers in the two and a half years and the plan has served by our bank are prosperous, because the industrial workers of the cities. The to say that safe banking and sound farming go hand in hand, and plan has proved that these are not prosperous because this county is said to rank highest in the United States in repaid Federal Farm Loans, through the plan we have worked on for years, these farmers can

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NEGRO FARMERS DISCUSS GOVERNMENT RELIEF

MOUND CITY, Ill.—(ANP)—Three hundred and fifty colored farmers of southern Illinois held a rousing organization meeting here last Saturday. The meeting, called by William M. Ashby, executive secretary of the Springfield Urban League, sought to devise means of improving the condition of the 896 farmers of the state.

Dr. J. R. A. Crossland, of St. Louis, a representative of the U. S. Crop Production Loan Office, addressed the conference. He informed those present that his office was established in the Department of Agriculture, chiefly to assist needy farmers of the race and that application for loans on farm property would receive attentive consideration. This assurance was further given by Houston S. Schweich, field agent, Farmers' Seed Loan Office of the U. S. Department of Agriculture.

James P. Davis, of Chicago, president of the National Federation of Colored Farmers, Inc., discussed co-operative marketing. Leon R. Harris, of Moline, told the meeting that organization of colored farmers was a necessity if they hoped to get the most for their crops, and the benefits which county and state agricultural departments offer to the farmers of the other group.

An appeal for the organization of 4-H Clubs and the exhibition of their products at state and county fairs was made by Wm. M Ashby.

An organization known as the Pulaski-Alexander County Unit of the National Federation of Colored Farmers was formed. Sixty-one farmers applied for membership. J. L. Jenkins and F. Merriweather, both of Olmstead, Ill., were elected president and secretary, respectively

C. P. Williams, of Cairo, presided. Addresses were made also by Judge C. S. Miller and Prof. C. F McGee, both of Mound City

Safe Banking And Sound Farming Go Hand In Hand, Declares Banker

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In Manufacturers Record

The plan under which our bank finances farmers has been in successful operation for several years. It has proved of benefit to the entire State. The farming principle which we advocate is not new. Henry W. Grady eloquently proclaimed it 45 years ago in his memorable address "King Cotton." What appears to have been new in our plan was the tying up of bank credit extended to farmers who practiced Grady's agricultural principles outlined herewith and for decades, preached by agricultural agencies.

The inception of our plan goes back to the Spring of 1921 when conditions made but little credit available for the farmer. We observed that the farmer who could continue operations was the one who had his crib filled with corn, his loft with hay, and had meat in his smokehouse. This gave us the idea that led to a survey of farmers' accounts carried with our bank. This survey showed that our worth-while farmer customers were those who, year in and year out, grew the feed and food crops needed for consumption on their farms. We decided that in future we would not be interested in financing any farmer whose program was not of that kind. A loan might be well secured when made in the Spring of the year, but we do not want to make it if in our judgment the proceeds are to be used in a way that will cause us to realize on the collateral pledged. We are convinced that sooner or later a farmer "goes broke" whose program calls for all cotton, or all any other crop—to the exclusion of those crops needed for consumption on his own farm.

And so before the crops were pitched in the Spring of 1921, we gave notice by means of a half page advertisement in our local paper, headed "A Plain Statement." That statement outlined terms on which we would lend money to farmers and included this paragraph:

"We expect to extend credit to those farmers who are careful to grow ample food and feed crops to meet the needs of their farms."

Each year since 1921 we have repeated the publication of our "A Plain Statement."

We expected and experienced, some resentment from farmers, until we made it clear to them that we were not in any way attempting to tell them how to farm; that we had no comment to make upon their farming methods whatever—that is, unless they wanted to use our money. In that event we had the same right to approve or disapprove their farming methods that we had to approve or disapprove the business management of a merchant or manufacturer borrower. We made it clear to the farmer that it was our business to lend money, but it was also our business to lend it to a good risk, and that a farmer who couldn't cut down his overhead by supplying his own needs where possible, getting his farm on a business-like basis, was not a good risk.

In doing this it was not our idea to restrict credit to farmers, but properly to direct credit to them. It was, and is, our purpose to convert our borrowing farmer customers into depositing farmer customers. We have endeavored in many ways to show our sincere interest in the farmers' welfare, and we have succeeded in convincing them that our interests are mutual and that in our dealings with them we will be more than fair in our efforts to place them on a sustaining and profitable farming basis.

Approval of our plan by many other institutions, agencies and the press, as well as our own experience, makes us believe such plan is sound and practical.

The Georgia Bankers Association, at the time I became its president in 1929, actively promoted the movement among bankers of the State. The Agricultural committee of the association divided the State geographically to coincide with divisions previously adopted by the State College. There was a banker chairman for each 10 counties in the State, who were actively at work convincing bankers that properly directed farm credit was the solution from the agricultural standpoint. All of this work was done in cooperation with the Georgia State College of Agriculture. I believe the success of the movement may be largely attributed to the publicity given to it by the press.

As evidence of the results achieved, the State of Georgia in 1930 and again in 1931 won first place among the 48 States for its banker-farmer activities in the award made by the American Bankers Association.

test has come during the past two and a half years and the plan has been tried and not found wanting. I do not mean to say that farmers in the area served by our bank are prosperous because these are not prosperous times, but through the plan we have worked on for years, these farmers can feed themselves and their work stock; they are as a class far better off than the industrial workers of the cities. The plan has proved that safe banking and sound farming go hand in hand, and this county is said to rank highest in the United States in repaid Federal Farm Loans,